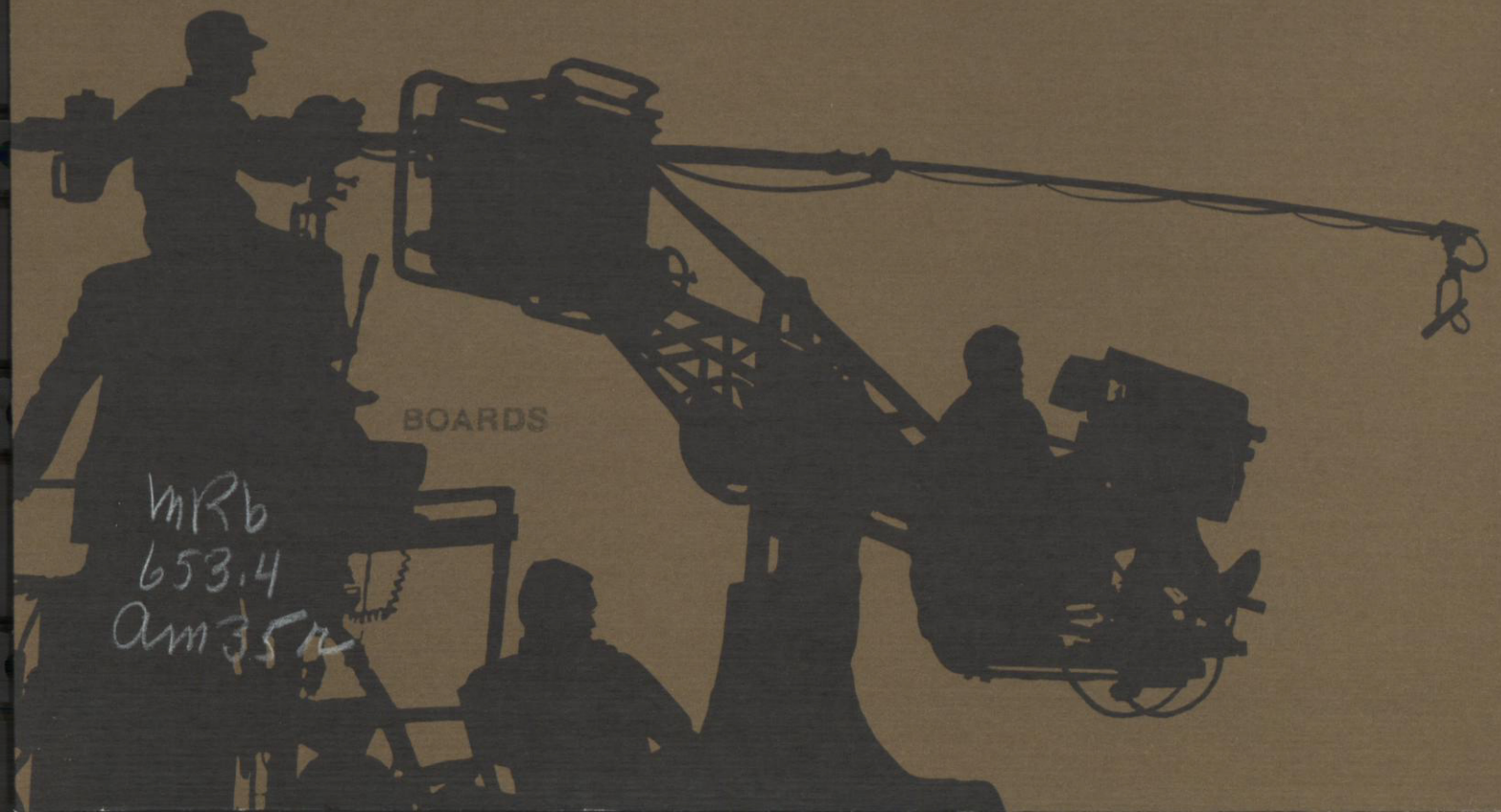




American Broadcasting-Paramount Theatres, Inc. Annual Report 1963





Board of Directors

A. H. BLANK

Retired—a director of Tri-States Theatre Corporation*

ALGER B. CHAPMAN

Chairman of the Board of Beech-Nut Life Savers, Inc.

JOHN A. COLEMAN

Senior Partner, Adler, Coleman & Co.

EVERETT H. ERLICK

Vice President and General Counsel of the Corporation

E. CHESTER GERSTEN

Retired—a director and member of the Executive Committee of the Corporation since its inception

LEONARD H. GOLDENSON

President of the Corporation

JACK HAUSMAN

President of Belding Hausman Fabrics, Inc.

ROBERT H. HINCKLEY

Chairman of the Board of Hinckleys, Inc.

ROBERT L. HUFFINES, JR.

Chairman of the Board of Defiance Industries, Inc.

WALTER P. MARSHALL

President of The Western Union Telegraph Company

JOSEPH A. MARTINO

President of National Lead Company

JAMES G. RIDDELL

Vice President of the American Broadcasting Company Division

SIMON B. SIEGEL

Executive Vice President of the Corporation

DAVID B. WALLERSTEIN

President of Balaban & Katz Corporation*

*A subsidiary of the corporation

Executive Committee

JOHN A. COLEMAN, Chairman

E. CHESTER GERSTEN

LEONARD H. GOLDENSON

ROBERT H. HINCKLEY

ROBERT L. HUFFINES, JR.

WALTER P. MARSHALL

SIMON B. SIEGEL

Officers

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SIMON B. SIEGEL, Executive Vice President

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JEROME B. GOLDEN, Vice President and Secretary

JAMES C. HAGERTY, Vice President

HERBERT R. HAHN, Vice President

EDWARD L. HYMAN, Vice President

MARTIN BROWN, Treasurer

JOHN H. REGAZZI, Comptroller

JOSEPH W. FITZPATRICK, Assistant Treasurer

FRANKLIN FEINSTEIN, Assistant Secretary

EDITH SCHAFFER, Assistant Secretary

MORTIMER WEINBACH, Assistant Secretary

**American
Broadcasting -
Paramount
Theatres, Inc.
Annual Report
1963**

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EXECUTIVE OFFICES
7 West 66th Street, New York 23, N. Y.

INDEPENDENT ACCOUNTANTS
Price Waterhouse & Co.

TRANSFER AGENT
Bankers Trust Company

REGISTRAR
The Bank of New York

The Year in Brief

1963

1962

Income

Broadcasting	\$280,572,000	\$274,523,000
Theatres	76,209,000	75,956,000
Merchandise sales and other income	29,948,000	29,262,000
Total	<u>\$386,729,000</u>	<u>\$379,741,000</u>

Expenses

Operating and general expenses	\$353,933,000	\$340,595,000
Depreciation	6,470,000	6,144,000
Interest	2,279,000	2,164,000
State, local and payroll taxes	7,606,000	7,892,000
Federal income tax	9,056,000	12,189,000
Total	<u>\$379,344,000</u>	<u>\$368,984,000</u>

Earnings

Operations	\$ 7,385,000	\$ 10,757,000
Capital gains, net	542,000	282,000
Total	<u>\$ 7,927,000</u>	<u>\$ 11,039,000</u>
Per share:		
Operations	\$1.65	\$2.41*
Capital gains, net13	.06*
Total	<u>\$1.78</u>	<u>\$2.47*</u>

Dividends

Cash — Total	\$ 4,463,000	\$ 4,368,000
Per share	\$1.00	\$1.00
2% Stock Dividend — Common shares issued	89,361	87,380

Financial Position At Year End

Working capital	\$ 69,142,000	\$ 69,126,000
Property and equipment, net	\$ 69,575,000	\$ 68,113,000
Total assets	\$213,296,000	\$202,992,000
Long-term debt	\$ 49,304,000	\$ 52,770,000
Stockholders' equity:		
Total	\$112,266,000	\$108,532,000
Per share	\$24.63	\$24.35
Number of common shares outstanding	4,557,444	4,456,427

General

Stockholders of record	20,971	20,581
Theatres	433	443
ABC-TV Network affiliates	257†	264
ABC-Radio Network affiliates	406†	427

Earnings per share are based on the average number of shares outstanding.

*Adjusted for the 2% stock dividend paid in 1962.
†The decrease in total affiliates reflects the dropping of TV secondary affiliates where full-time primary affiliates were added and the dropping of smaller radio affiliates where larger affiliates were added.

President's Letter to Shareholders



One major and tragic event dominated the year 1963 for all Americans and most of the peoples of the world.

The assassination of President Kennedy and the assumption of the duties of that Office by President Johnson resulted in the mobilization of the entire resources of all news media. Our personal deep sorrow for the tragedy was mixed with pride in the manner in which the broadcasting industry brought the developing events of those days into the homes of our nation and to many millions of peoples the world over. The News Departments of the major broadcasting companies, including our own dedicated ABC News team, worked throughout the long hours of the unprecedented four-day period and performed with outstanding distinction, judgment, dignity, and good taste.

In its performance throughout the year, ABC News, strengthened in management, news personnel, film crews and facilities, provided our radio and television networks with informational, educational and cultural programming that merited greater public acceptance and critical praise.

The financial results for the year are shown in The Year in Brief section on the preceding page. Income was at a record level of \$386.7 million. Operating earnings were lower than last year, principally reflecting the results of the 1962-63 television season during the first nine months of the year, as reported previously. The decrease in earnings for the fourth quarter was primarily caused by the four-day coverage of President Kennedy's assassination.

A major undertaking during the year in our broadcasting operation was the development of the ABC Television Network program schedule for the 1963-64 season, which started last September. We are gratified by the number of programs which achieved broad public acceptance. Our new over-all program strength, evidenced by the greater number of programs reaching higher audience levels than last year, will provide a more solid structure for the year ahead. More details of the network's present position and its plans for furthering the development of a stronger competitive position in the coming season are noted in the television section of this report.

Our five owned television stations continued to serve their communities with distinction in programming and public service activities throughout the year. The competitive position of the stations in their respective markets showed improvement with the start of the new television season in September.

The ABC Radio Network has continued to provide industry leadership in stimulating greater interest by the public and by advertisers in this medium. This was evident in the network's entertainment, sports and news and public affairs programming which attracted more national ad-

vertisers and important new station affiliates, resulting in improved network coverage.

Our owned radio stations, located in six of the eight largest markets in the country, maintained their reputation for excellence in local programming and public service and also reported their best year in the past decade.

The scientific advances in satellite communications and the rapid growth of television in foreign countries gave added emphasis to the world-wide efforts of ABC International which, through partial ownership, representation or both, is associated with stations in twenty-one countries around the globe.

The increasing demand for television programs in foreign countries, together with the improvement in the quality of the programs distributed, was reflected in the expanded sales of our ABC Films subsidiary which sells television programs to stations in this country and abroad.

Our theatre business improved over 1962 despite a slow start earlier in the year. We continued our policy to dispose of marginal theatres and to replace them, where possible, with modern new theatres, particularly in shopping centers in growing suburban areas. Fourteen theatres were divested during the year and three new theatres were opened, two are under construction and one is in the architectural stage.

Other corporate activities reflect the diversity of our participation in the entertainment and communications fields — an established and thriving phonograph record business, a pre-eminent position in the midwest farm publication field and the steady development of our two scenic attraction centers, Silver Springs and Weeki Wachee in Florida.

In view of the strengthened competitive position of our broadcasting operations over the 1962-63 season, we are greatly encouraged in our outlook for 1964. Based on present indications, we expect that there will be progressive improvement during 1964 and that the over-all results for the year will be much better than they were in 1963.

On behalf of our Board of Directors, I would like to express appreciation to all of our employees for their devotion and diligence in the performance of their duties and to our shareholders for their continued support.

Leonard H. Goldenson

President

March 9, 1964

Financial Review

Earnings From Operations were \$7,385,000 or \$1.65 a share compared with \$10,757,000 or \$2.41 a share in 1962. Earnings, including capital gains which resulted principally from the disposition of theatre properties, were \$7,927,000 or \$1.78 a share compared with \$11,039,000 or \$2.47 a share for the previous year.

Cash Dividends paid at the rate of 25¢ a share in each quarter totalled \$1.00 a share or \$4,463,000 for the year. In addition, a 2% common stock dividend was paid at the year end.

Income was at a record level of \$386,729,000 compared with \$379,741,000 in 1962. The broadcasting division income rose to \$280,572,000 from \$274,523,000. Theatre income of \$76,209,000 was slightly higher than the prior year's level of \$75,956,000. Other income, principally from the phonograph record and publishing activities, was \$29,948,000 compared with \$29,262,000 in 1962.

Working Capital was \$69,142,000 at the year end. Depreciation amounted to \$6,470,000 of which \$2,969,000 related to the broadcasting division, \$2,956,000 to theatres and \$545,000 to other operations. Expenditures for property and equipment were \$8,883,000. Of this amount, \$4,930,000 applied to the broadcasting division, principally for the modernization of television equipment and expansion of studio and news facilities,

\$3,621,000 applied to theatres, principally for new properties and improvement of present facilities, and \$332,000 applied to other operations.

Source and Application of Funds	Working capital at beginning of year		\$69,126,000
	Source of funds		
	Earnings from operations ..	\$7,385,000	
	Provision for depreciation ..	6,470,000	
	Proceeds from capital gains transactions, after taxes thereon	1,265,000	
	Increase in deferred income	1,299,000	
	Increase in miscellaneous liabilities	1,956,000	
	Proceeds from exercise of stock options	275,000	
	Other, net	448,000	19,098,000
			<u>\$88,224,000</u>
	Application of funds		
	Cash dividends paid	\$4,463,000	
	Property and equipment additions and replacements.	8,883,000	
	Payments and prepayments of long-term debt		
	Under Loan Agreement...	2,500,000	
	Other notes and mortgages	966,000	
	Investments in affiliated companies	2,270,000	19,082,000
			<u>\$69,142,000</u>
	Working capital at end of year.		

Stockholders' Equity increased to \$112,266,000 or \$24.63 per share at the end of the year, from \$108,532,000 or \$24.35 per share at the close of 1962.

Management

Our Company has always placed a high priority on developing and maintaining a strong management organization extending to all its subsidiary operations. Consistent with the Company's growth, particularly in broadcasting, executives have been advanced to positions of increased responsibility. The Company also has an active program of recruiting young executive talent from leading universities and graduate schools.

During the past year, the following executive appointments were made, substantially all of which were from within the Company.

James C. Hagerty
AB-PT Vice President in charge of Corporate Relations

Thomas W. Moore
President of the Television Network

James E. Duffy
Vice President in charge of TV Network Sales

Edgar Scherick
Vice President in charge of TV Network Programming

Elmer W. Lower
President of ABC News

Stephen C. Riddleberger
Vice President and General Manager of ABC News

Harold L. Neal
President of Owned Radio Stations

Donald Curran
Vice President and General Manager,
Station KGO, San Francisco

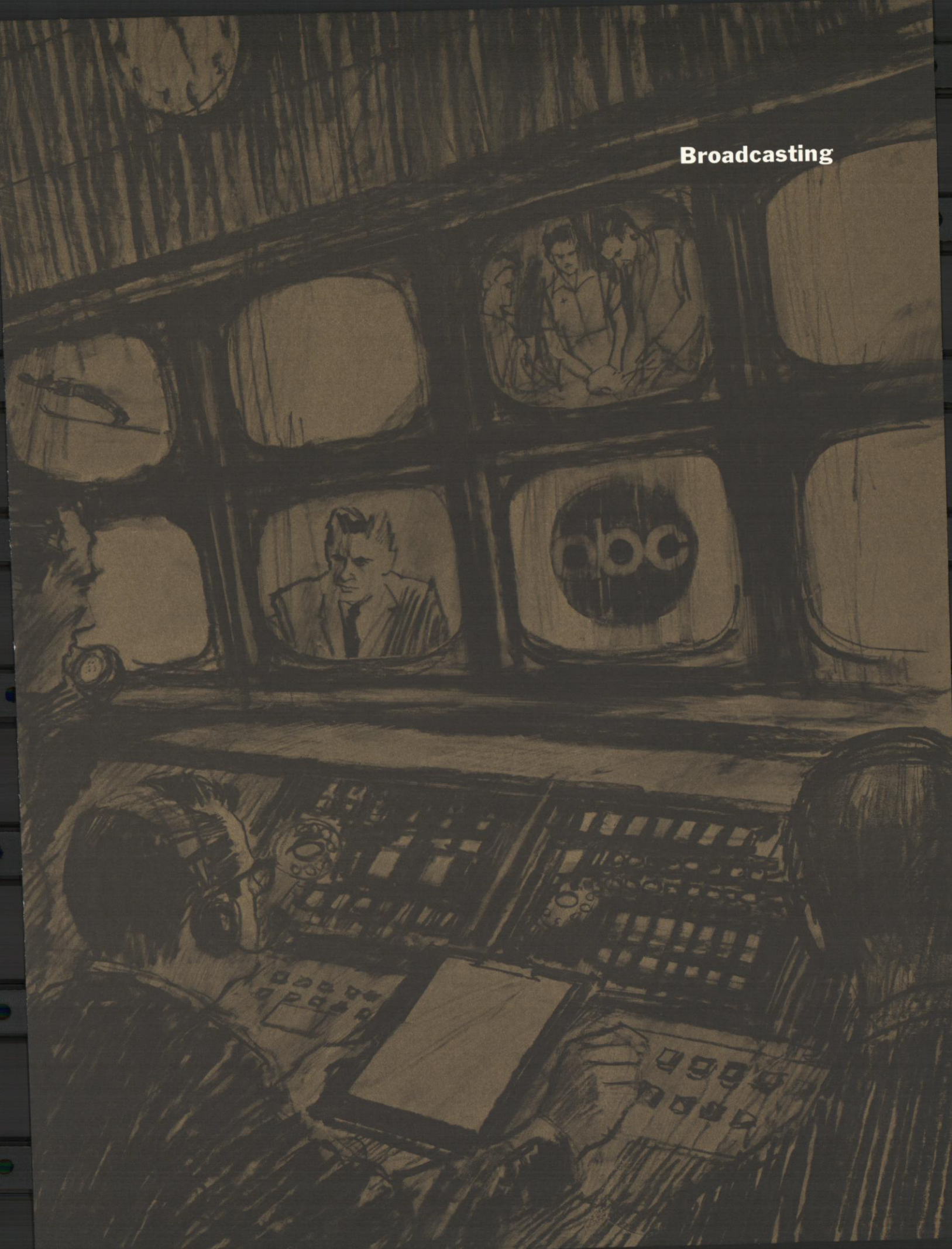
Charles Fritz
Vice President and General Manager,
Station WXYZ, Detroit

John O. Gilbert
Vice President and General Manager,
Station WABC-TV, New York

Walter A. Schwartz
Vice President and General Manager,
Station WABC, New York

Theodore Douglas
Vice President in charge of Radio Network Sales

Broadcasting



ABC Television Network

The ABC Television Network's program schedule for the 1963-64 season incorporated an unusual number of new shows offering a wide variety of entertainment appeals, taking into account significant changes in the tastes and viewing patterns of American families. To launch "the new ABC", the entire schedule was premiered within one week, September 15th-21st, an unprecedented achievement accompanied by a promotional effort of exceptional creativity.

We are gratified by the number of programs which achieved broad public acceptance. These include the dramatic vehicle *THE FUGITIVE*, *THE PATTY DUKE SHOW*, starring America's youngest Academy Award winner, *BURKE'S LAW*, a sophisticated comedy-mystery series, *THE OUTER LIMITS*, featuring exciting science fiction, and the charming situation comedy *THE FARMER'S DAUGHTER*. Where necessary, the network acted promptly to strengthen the schedule with replacements such as *THE HOLLYWOOD PALACE* and *DESTROY*, and by carefully-considered shifts in program time periods.

The popular new programs added to the schedule's strength provided by those returning shows which include such favorites as *DONNA REED*, *OZZIE AND HARRIET*, *McHALE'S NAVY*, *COMBAT!*, *BEN CASEY*, *THE FLINT-*

STONES, *WAGON TRAIN* and *LAWRENCE WELK*.

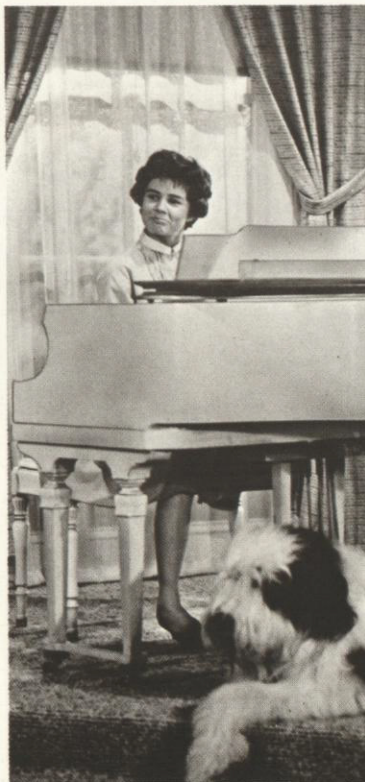
Indicative of ABC-TV's improved program appeal over the previous 1962-63 season is the number of shows reaching over nine million homes per average minute — one standard of measurement of successful public acceptance. In the fourth quarter of 1963, the television network had fifteen such programs compared with only five in the previous year.

Important changes continued to be made to strengthen the network's daytime schedule. The addition of the popular game show *THE PRICE IS RIGHT* with Bill Cullen, the serial drama *GENERAL HOSPITAL*, and the hour-long *TRAILMASTER*, have raised daytime viewing levels to a new high.

In sports, ABC-TV continued to offer a broad spectrum of the finest spectator events throughout the world, highlighted by *WIDE WORLD OF SPORTS* — the only such program to be honored by an "Emmy" nomination, coverage of the American Football League, *COLLEGE ALL-STAR GAME*, *THE ORANGE BOWL* football classic, *FIGHT OF THE WEEK*, *CHALLENGE GOLF* with Arnold Palmer and Gary Player and *PRO BOWLER'S TOUR*. In addition, ABC-TV offered exclusive coverage of the Winter Olympic Games from Innsbruck, Austria and gained rights to the U. S. Olympic trials which take place this sum-



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1. David Janssen stars in the engrossing dramatic series *THE FUGITIVE*
2. Academy Award winner Patty Duke stars in an unusual dual role in the comedy hit *THE PATTY DUKE SHOW*
3. The popular new series *BURKE'S LAW* features Gene Barry as a millionaire detective

mer. Contributing to its established reputation for superb sports fare has been the acclaim of critics and viewers for the exceptional and imaginative camera work in which the network has pioneered.

News and public affairs programs of great merit and growing popular appeal, which are described in the ABC News section of this report, also added prestige as well as balance and diversity to the network's schedule.

To maintain the forward momentum of the network, important new programming is in development for the 1964-65 season. These properties include ALEXANDER THE GREAT, covering the pageantry and conquests of an almost legendary hero, and the brilliant special effects and action-adventure of VOYAGE TO THE BOTTOM OF THE SEA. The WALTER BRENNAN SHOW is a situation comedy that will offer its star in a refreshingly new role. WENDY AND ME will feature the comedy talents of Connie Stevens and George Burns. PEYTON PLACE, with Dorothy Malone, will be a night-time television innovation in scheduling two half-hours of serialized drama each week. Other upcoming programs will include NO TIME FOR SERGEANTS, based on the successful novel and movie, JOHNNY QUEST, an animated adventure-science feature from the studios of Hanna-Barbera, and BROADSIDE, starring Kathy Nolan, by the producers of McHALE'S NAVY. Bing Crosby will star in a situation comedy, the

first time that he will appear in a weekly television series.

The ABC Television Network continued to expand its coverage by the addition of new primary affiliates in such important markets as Providence-New Bedford, Davenport-Rock Island-Moline, Greenville-Washington-New Bern and Greensboro-Winston-Salem. While the network's outlets have gradually increased over the past years, the network still lacks primary affiliates in some key markets which presently have only two stations. A proposal to allow a third station to be "dropped into" these markets was denied by the Federal Communications Commission. We feel the decision was a disservice to those communities unable to receive a full third program source and to ABC-TV in being denied the outlets to be more fully competitive with the other major networks. However, we are hopeful that the imbalance that still exists will be remedied in time by the FCC. At the year end, the ABC Television Network had 125 primary affiliates which covered approximately 93% of U.S. television homes. The typical night-time program was carried by a median lineup of 171 stations covering 96.4% of U.S. television homes, an increase of ten stations over the prior year. This lineup included a number of secondary affiliated stations which to a great extent carry the programs on a delayed basis or at a less desirable time than the network time scheduled and cleared by our primary affiliated stations.



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1. Hugh O'Brian and Ginger Rogers, among the leading stars to appear on THE HOLLYWOOD PALACE variety program

2. ABC-TV cameras capture the drama and excitement of the 1964 Winter Olympic Games

ABC News

ABC News, both in television and radio, made great strides in 1963 in reporting the major events of our times. In news, documentaries, the telling of history and in religious and educational programming, ABC News brought to the American public the events, both current and past, which shape our destiny.

The entire television and radio industry was mobilized during the tragic weekend in November when President Kennedy was assassinated, an event without precedent in our times. ABC News coverage extended continuously over sixty hours on television and eighty hours on radio. All commercial and other regularly scheduled programs went off the air. Correspondents and mobile units were sent to any place where events were happening. All technical facilities of the Company were placed at the disposal of ABC News and were supplemented by local station equipment where necessary. Numerous special programs were prepared such as a review of the life of President Kennedy, a biography of President Johnson, concerts by the Boston Symphony Orchestra and other great musical

organizations, church services of all faiths and discussions with leading historians. A special television tribute to President Kennedy was presented, featuring such artists as Fredric March, Marian Anderson, Charlton Heston, Jerome Hines and Isaac Stern. Thousands of letters were received from government leaders, affiliated stations and the general public commending the Company for its reporting. The dignified and sensitive commentary of Edward P. Morgan and Howard K. Smith received particular mention.

During 1963, the expansion of ABC News continued at a rapid pace. Late in the year, ABC News, for the first time, began to employ its own film crews to supply newsreels for the daily television news shows and special programs. News bureaus were opened in Miami to cover the Caribbean, in Atlanta to cover the South, and in Bangkok to cover southeast Asia. News bureaus were expanded in Chicago, Los Angeles, New York and Washington.

ABC News enters the 1964 election year fully prepared to provide its most complete and extensive radio and television coverage. We are honored that former President



Four fateful days during which television and radio made every American a participant

Eisenhower and Senators Humphrey and Ervin will serve as on-the-air political consultants and will discuss the events taking place at the respective Republican and Democratic conventions and during the campaigns. The distinguished commentators Edward P. Morgan and Howard K. Smith will be in the anchor position for ABC News at the conventions and the election.

During 1963, the weekday early evening television network news program with Ron Cochran made significant audience gains. Sponsor interest has remained high and new advances are indicated for 1964. The late evening weekday news program featuring Bob Young, the only television network news program available at that time, also moved forward in both audience and station acceptance.

Many special events were covered by ABC News, including President Kennedy's trip to Europe, Gordon Cooper's historic thirty-six hour space flight, the funeral of Pope John XXIII and the coronation of Pope Paul VI. Other events which received extensive coverage on radio

and television were the Hazelton mine disaster, the civil rights March on Washington and the registration of Negro students at the University of Alabama. In addition, ABC NEWS REPORTS premiered on television in 1963. This is a regular weekly program in prime evening time devoted to studies in depth of a major event or important issue facing the nation. Further insight into the issues of our times and the men who make the great decisions was provided through ISSUES AND ANSWERS, a weekly program on radio and television. Among those appearing in 1963 were Prime Minister Pearson of Canada, President Krishnan of India, Madam Nhu, Secretary of State Rusk, Attorney General Kennedy and Milton Eisenhower.

Many distinguished commentaries covering a wide variety of subjects were broadcast. On television, SAGA OF WESTERN MAN is a four-part series in color, depicting the development of today's western society through the study of four significant periods in history and how each marked either the beginning or the end of important eras which resulted in today's western civilization. These



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1. London — one of the world-wide stops for the exceptional children's program, DISCOVERY

2. The re-creation of Columbus's journey on "1492", the first part of the highly acclaimed SAGA OF WESTERN MAN series

programs have received wide critical and public acclaim not only for their scholarly treatment of history but also for the color photography and new television techniques which have been employed. In another series of programs, four widely varied subjects were presented—THE SOVIET WOMAN, a study of the status and life of women in today's Soviet Union, THE WORLD'S GIRLS, WHATEVER HAPPENED TO ROYALTY and THE FESTIVAL FRENZY, a look at various festivals throughout the world ranging from those of ancient and religious origin to the modern film festival.

A number of special programs were prepared and scheduled on the radio network. A documentary on the controversial drug, Krebiozen, was presented, including discussions with doctors expressing opinions on both sides of the issue. A series of programs aimed at potential college students was presented to familiarize them with the many small colleges in the country.

ABC News entered into an exclusive agreement with Robert Drew Associates for the production of special documentaries in the unusual and intimate style which has won this producer many awards. One of these programs appeared on ABC-TV in 1963. CRISIS: BEHIND A PRESIDENTIAL COMMITMENT followed the principals during the days leading up to the confrontation at the

University of Alabama between Governor Wallace and the Federal authorities. This behind-the-scene reporting of great events as they are happening is an exciting innovation in television and will be seen in other Drew programs in 1964. Another distinguished program was the television adaptation of Theodore White's book, THE MAKING OF THE PRESIDENT — 1960, which reviewed in detail the events of that exciting political year.

ABC-TV's award-winning children's program, DISCOVERY, was again highly praised for its interesting and provocative educational programming for children. One program, "The Day That Life Begins," received particular attention for its sensitive presentation of the beginning of life in animals and humans.

ABC-TV's program, DIRECTIONS '64, continued its presentation of religious discussion, drama and music in cooperation with the major faiths. For the first time, DIRECTIONS '64 traveled overseas to film a series of five programs in Israel which examined recent archaeological discoveries and the relationship of those discoveries to present day religion. ABC Radio continued to carry a series of religious programs covering all major faiths as well as special programs which presented the religious viewpoint of faiths with small memberships.



Pope John XXIII with ABC News correspondent John Casserly at the filming of THE VATICAN, the color documentary which received an "Emmy" nomination for outstanding achievement in international reporting and commentary

ABC Radio Network

Progress in every area keynoted the activity of the ABC Radio Network throughout 1963. Reflecting the greater acceptance of its programming, sales increased for the third consecutive year.

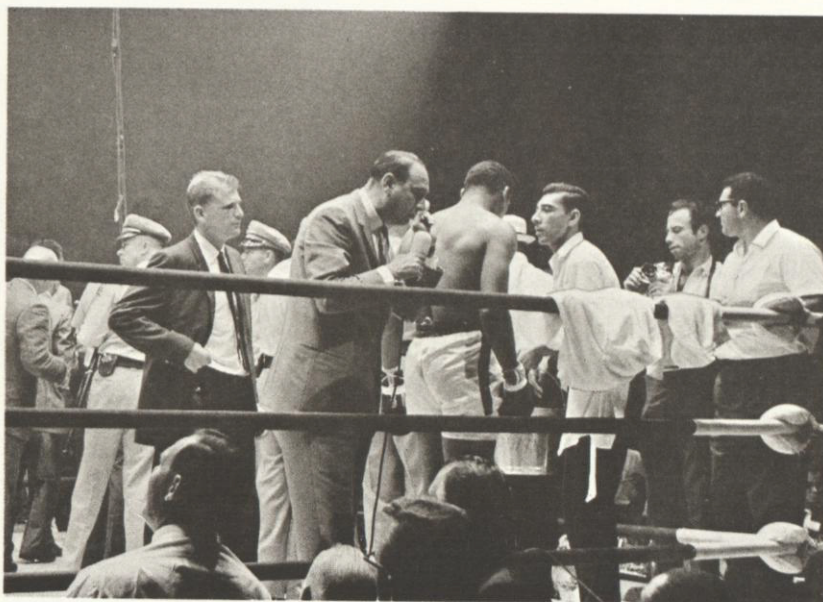
In entertainment programming, Don McNeill's **BREAKFAST CLUB** marked its thirtieth consecutive year of broadcasting. It celebrated this anniversary by touring armed forces installations in Europe at the invitation of the Department of Defense. The program was acclaimed by the United States Combat Forces wherever it played and a second invitation was extended for a return tour. **BREAKFAST CLUB** continued to enjoy its established position as one of the most popular programs in network radio. During the fourth quarter of the year, it was virtually sold out to national advertisers.

The network continued to maintain its reputation for excellence in news coverage and public affairs programming. In addition to those programs provided by ABC News and mentioned previously in this report, ABC Radio initiated four new programs for commercial broadcasting. The most important of these was **FLAIR REPORTS**, consisting of forty brief radio reports each week and highlighting the dramatic and unusual stories behind the news reports heard throughout the day on the network. The

second new program, **STORY OF THE WEEK**, was scheduled for Sunday broadcasting and offered listeners a detailed account of the most important news story of the week. **THE WORLD OF SPACE AND SCIENCE** was scheduled for Saturday broadcasting, featuring ABC's science editor, Jules Bergman. The program reports on important aspects and developments in the fields of science, medicine and space. Directed at the huge farm market, **THE AMERICAN FARM DAILY**, with agricultural expert Norman Kraeft, was inaugurated for broadcasting from the nation's capital five times a week.

Special sports programming included the complete Notre Dame football schedule throughout the Fall season, the All-Star football classic, the annual Orange Bowl game and the exclusive radio coverage of three major boxing events — the Clay-Cooper fight from London and the Liston-Patterson and the recent Liston-Clay World Heavyweight Championship fights.

This over-all programming also attracted stronger station affiliates, of which several were maximum high powered stations in large cities. These stations improved the network's national coverage and offset the need for a greater number of smaller stations so that the total number of affiliates decreased.



1. Don McNeill, whose **BREAKFAST CLUB** program maintains its position as one of radio's most enduring and popular shows

2. ABC sportscaster Howard Cosell at ringside broadcasting the network's exclusive coverage of the World Heavyweight Championship Fight

ABC Owned Stations

TELEVISION Important steps were taken during the past year to achieve community leadership and service by our owned television stations in each of the five major cities they serve — New York, Chicago, Detroit, Los Angeles and San Francisco.

All five stations had initiated a policy of broadcasting editorials dealing with issues of local significance and there were approximately one thousand telecasts of these editorials during 1963. In Detroit, for example, a WXYZ-TV editorial helped bring about enactment of a law designed to promote public safety. KGO-TV's editorial on public transportation in the San Francisco area earned Governor Brown's commendation—"I am pleased to congratulate KGO-TV on its continuing public service contribution to the residents of the Bay Area. This editorial . . . aided my decision to veto what I believed to be an unfair bill."

During the year, the stations continued to place emphasis on the development of local programming, which gained increasing popular appeal and critical praise. As an example, WABC-TV in New York, in addition to revitalizing its local entertainment programs, established a special unit in its public affairs department which produced two exceptionally fine weekly shows, *NEW YORK, NEW YORK* and *PAGE ONE*.

Each of the stations produced a number of special documentaries which probed into local areas of interest. Among the outstanding contributions was *BLOW-UP AT BREEZY POINT* in which WABC-TV explored the controversial issue dealing with the proposed public park at Breezy Point in New York. In Chicago, WBKB produced *THE FOURTH MAN*, a documentary promoting better understanding by Chicago's citizens of their neighbors. WXYZ-TV's cameras focused on a special exhibit at The Detroit Institute of Arts to produce *KING TUT'S TREASURES*, a dramatized journey into the past. When the California Youth Symphony, scheduled for a goodwill tour, was faced with a deficit in travel funds, KGO-TV broadcast *REHEARSAL FOR A TOUR* and helped raise a substantial part of the needed funds. In Los Angeles, KABC-TV's documentary, *AMIGO ON THE MOVE*, studied the people of Mexico and won high plaudits for the station.

The stations, wherever possible, shared their creative resources in public service. When KABC-TV provided a unique service to the Los Angeles area with its "Step Forward" public service campaign to encourage police recruitment, the other stations successfully adapted similar techniques to help resolve problems of their own com-



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1. Station WXYZ-TV's production of "Vincent", a program on Van Gogh — on location at the Detroit Institute of Arts

2. Governor Brown participates at the dedication and opening of KGO-TV's News Tower in San Francisco, joined by James Hagerty and KGO-TV's General Manager, David Sacks

munities.

During the past year, each of our television stations expanded its news operations. KGO-TV initiated San Francisco's first ninety-minute news program. For its overall excellence in news, the station won the coveted California Associated Press Award for "The Outstanding Local Television News Program in the State." In Los Angeles, KABC-TV continued for a second year its highly honored evening NEWS HOUR providing complete local, regional, national and international coverage. The ability of our stations through their excellent news facilities and personnel to cover on-the-spot news as well as major events was illustrated dramatically in 1963. In Detroit, as the WXYZ-TV cameras reported the Women's Wolverine Open Golf Tournament, a bridge collapsed, threatening many lives. Through the station's efforts, ambulances were rushed to the scene as viewers at home were able to follow the rescue efforts. The station's coverage of this near tragedy brought high praise from viewers and city officials.

As part of the owned television station operation, ABC Television Spot Sales marked its second full year of operation with record sales. This subsidiary represents our five stations exclusively in selling national advertisers who wish to buy time on the individual stations.

RADIO Over-all, the ABC owned radio stations had a most successful year in 1963 in terms of sales, audience acceptance for programming and increased local community recognition.

Constructive involvement in community affairs by all six stations took many forms. Editorializing policies were commenced on WXYZ in Detroit, WLS in Chicago, WABC in New York, KQV in Pittsburgh, and more recently, KABC in Los Angeles. The more than 1100 broadcasts of editorials on local problems by these stations during 1963 gained recognition from the public as well as civic leaders. Examples of the range of subjects covered included reapportionment, unemployment, crime prevention, housing and education.

In addition, documentaries produced by the stations' news departments gave in-depth analysis of community problems. Typical of the issues faced was the racial problem in Los Angeles which KABC viewed through a three-part documentary series entitled RACIAL STORY: L.A. This series was later honored by the Los Angeles County Inter-racial Awards Committee as the "best locally originated program by a radio station." In New York, social health problems among youths were explored in a hard-hitting WABC documentary which earned the praise of



The ABC Symphony Orchestra inaugurates the stereo concert series on WABC/FM in New York

city officials and won the highly coveted Ohio State University Award for "outstanding broadcasting." A documentary prepared by KGO vividly focused the attention of the San Francisco community on the inadequacies of the state's vehicle inspection and safety laws.

Special interviews or news panel programs brought listeners a deeper understanding of the important news and the individuals making the news. Typical of these programs were the WXYZ series, A CONVERSATION WITH . . ., which featured Detroiters like George Romney and Walter Reuther, the WLS PINPOINT program series which repeatedly made newspaper headlines in Chicago with its newsmaker of the week, and the KQV SOURCE program, probing Pittsburgh's significant weekly news stories.

The stations achieved a distinguished record for community service with local activities ranging from a Salvation Army Christmas fund drive in San Francisco, the free distribution of a booklet on "Who's Who in Public Office", produced by our station in Detroit, to an art contest to stimulate interest in museums at the time of the exhibition of the Mona Lisa in New York. Over seventy-five awards from organizations of every kind testified to the outstanding contributions by these stations to their respective

communities during 1963.

A highlight of their activities during the year were community action projects conducted by all six stations. A recruitment campaign for the Peace Corps more than doubled the number of inquiries. Letters of commendation for this particular campaign were received from many members of Congress, other governmental officials and President Kennedy, who termed the campaign "an example of public service at its best." Group community action projects were also conducted, for example, on behalf of better traffic law enforcement and the United Nations Children's Fund drive.

In keeping with the traditions of improved listener program service, WABC/FM in New York inaugurated stereocasting for its entire six-hour evening program schedule. Highlighting the distinctive quality and diversity of its separate FM programming, the station presented the first weekly "live" FM stereo concert in this country to feature a full symphony orchestra. As the station develops new programs, such as its stereo SHAKESPEARE SOCIETY THEATRE, it will provide FM listeners a range of fine radio programming heretofore unavailable in New York.



A recruitment campaign by the ABC Owned Radio Stations helped Peace Corps Director Sargent Shriver send more American volunteers to countries such as Turkey

ABC International

ABC International continued to expand its position of leadership in international television broadcasting and formed new associations with stations in Mexico, the Dominican Republic, Venezuela, Argentina, Syria and Australia. All the stations associated with ABC International are part of a global organization known as ABC Worldvision and are independent stations located in twenty-one countries. In the aggregate, they can reach more than sixteen million homes, an increase of approximately two million homes over the previous year.

Among the important achievements of ABC International during 1963 was sponsorship of a conference held in Beirut, Lebanon, at which plans were drawn for the formation of the Arab Middle Eastern Network, consisting of television stations in Syria, Kuwait, Iraq and Lebanon. The development of a television facility in Jordan in 1964 should further expand the impact of television in the Middle East.

ABC International and the ABC Worldvision stations cooperated closely with ABC-TV in bringing the story of

President Kennedy's assassination to the world and in bringing world reaction to the people of the United States. Twenty-one nations were serviced with ABC news coverage. Canada and Mexico received live coverage of the events. On Thanksgiving Day, a special program produced by ABC International in memory of the late President became the first telecast via Relay satellite to link Europe, North America and Asia. Titled THE INTERNATIONAL LANGUAGE OF SPORTS, this program consisted of sequences from several European countries and segments from Mexico, Canada and the United States.

ABC International acts as program purchasing agent and sales representative to advertisers for the ABC Worldvision stations. It also provides management, engineering and technical assistance as requested. These stations, in a number of which minority financial interests are held, have been showing over-all improvement as television audiences and advertiser interest continue to increase. However, the potential to be realized is still some years ahead.



THE INTERNATIONAL LANGUAGE OF SPORTS, the first telecast to link Europe, North America and Asia via Relay satellite, as it was received in Tokyo. ABC sportscaster Jim McKay is shown greeting the people of Japan

ABC Films

ABC Films achieved record sales in the distribution of its properties to television stations both in domestic and foreign markets during the year 1963.

Film properties that were added this past year for domestic release included *THE NEW BREED* and *I'M DICKENS . . . HE'S FENSTER*. Other programs that continued to show marked sales success were *THE LIFE AND LEGEND OF WYATT EARP*, *THE REBEL*, *ONE STEP BEYOND* and the delightful children's series *CASPER THE FRIENDLY GHOST AND COMPANY*.

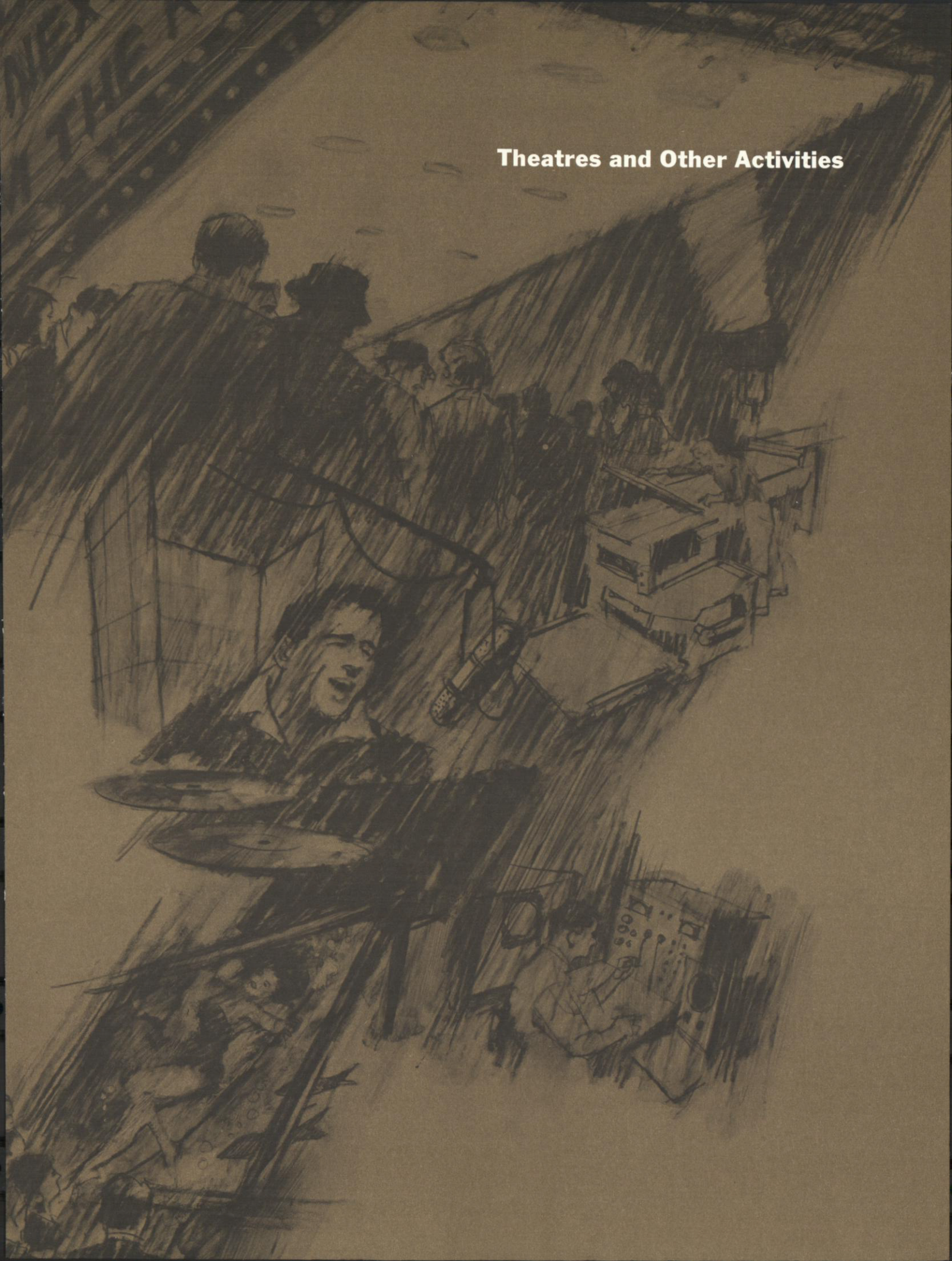
ABC Films is now in its second year of production of *GIRL TALK*, a popular daytime series featuring Virginia Graham.

Foreign sales increased substantially with thirty-nine different program series being sold to television stations in fifty-three countries. In its catalogue were such leading quality programs as *BEN CASEY*, *COMBAT!*, *THE FUGITIVE* and *BREAKING POINT*. With growing interest in American cultural and public affairs shows, ABC Films also distributed the highly acclaimed *SAGA OF WESTERN MAN* series and *DISCOVERY*.



Virginia Graham leads a witty, provocative panel of distinguished guests on *GIRL TALK*, with each program featuring different personalities

Theatres and Other Activities



Theatres



Theatre business improved this past year over 1962. The improvement, particularly during the summer months, more than offset the slow start earlier in the year.

The motion pictures presently scheduled for release during the current year are worthy of mention since theatre business basically reflects the number of quality motion pictures made available by the major production companies. The list of attractions include *THE CARPET-BAGGERS* based on the best-selling novel, featuring George Peppard, Alan Ladd and Carroll Baker, *THE FALL OF THE ROMAN EMPIRE* starring Sophia Loren, Alec Guinness and James Mason, *ROBIN AND THE SEVEN HOODS* starring Frank Sinatra and Dean Martin, *THE CHALK GARDEN* featuring Deborah Kerr and Hayley Mills, *BEDTIME STORY* with Marlon Brando, David Niven and Shirley Jones, *WHAT A WAY TO GO!* with Paul Newman, Shirley MacLaine, Dean Martin and Robert Mitchum, *THE PINK PANTHER* starring Peter Sellers, David Niven, Claudia Cardinale and Capucine, *FROM RUSSIA WITH LOVE*, a James Bond story with Sean Connery, *THE UNSINKABLE MOLLY BROWN* with Debbie Reynolds, *NIGHT OF THE IGUANA* starring Richard Burton, Ava Gardner and Deborah Kerr, *BEHOLD A PALE HORSE* with Gregory Peck and Anthony Quinn, *GOOD NEIGHBOR SAM* featuring Jack Lemmon and Romy Schneider, Walt Disney's *MARY POPPINS* with Julie Andrews and Dick Van Dyke and *MY FAIR LADY* starring Audrey Hepburn and Rex Harrison.

Our Company has continued its policy of strengthening its theatre portfolio by acquiring selected new theatres, modernizing existing ones and disposing of marginal properties. During the year, a drive-in theatre was acquired in Tucson, Arizona and new theatres were opened in Orlando and Fort Lauderdale, Florida and in Chelsea, Massachusetts. Two others, one in Suniland, Florida and the other in Charlotte, North Carolina, are under construction. Another theatre in Oakbrook, a suburb of Chicago, is in the architectural stage. These new theatres, with the most modern screen equipment and facilities, are located in shopping centers in growing suburban areas.

Attention has also been given to refurbishing and rebuilding existing theatres. An example is the pending conversion of a large theatre in New Orleans to two smaller ones to achieve the best economic and flexible use of the property.

During 1963, fourteen marginal properties were disposed of. Our Company's operating subsidiaries had interests in 433 theatres at the year end.

Three new theatres that were built and opened in suburban shopping centers were the Parkway Plaza in Chelsea, Massachusetts, the Plaza in Orlando, Florida and the Coral in Ft. Lauderdale, Florida.

Amusement Centers

SILVER SPRINGS, one of the underwater wonders of the world, is the largest scenic attraction center in eastern United States. A highlight among its many attractions is the glass-bottom boat ride in which nature's underwater world can be excitingly viewed. Its sixteen different groups of springs, situated in a 3900-acre woodland, also make it a very desirable natural location for underwater motion picture production. Silver Springs, which is located near Ocala, Florida, has a program under development to further enhance the natural wonders of this popular tourist center.

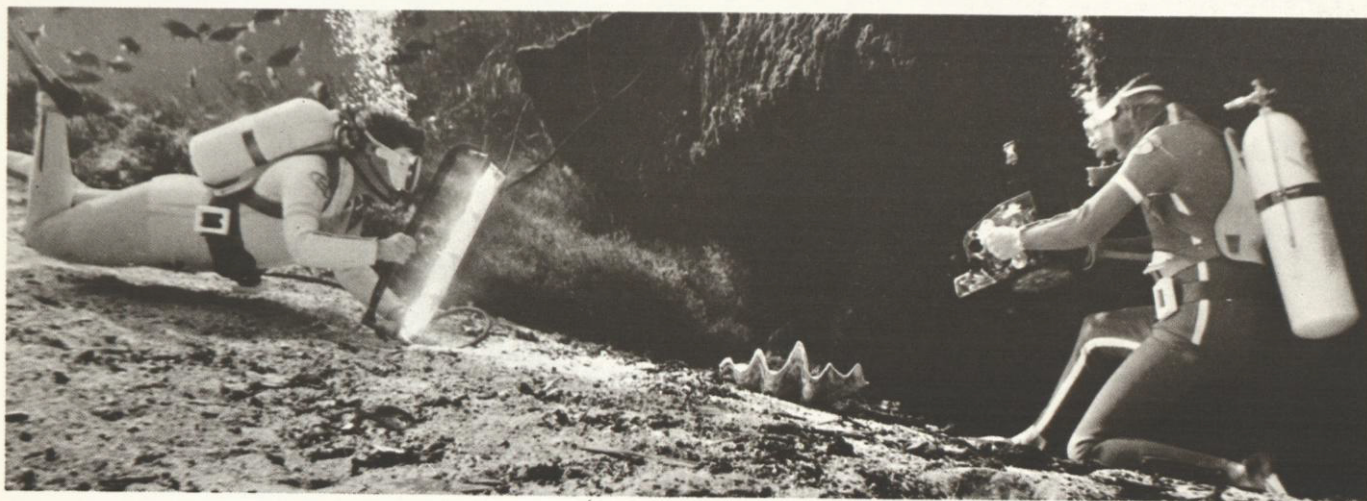
WEEKI WACHEE, 'Spring of Live Mermaids' on Florida's west coast, is one of the most unique of scenic attractions. A modern auditorium, sixteen feet below the surface of the water, looks out on a natural underwater grand canyon in a crystal clear spring from which 168 million gallons of pure water flow daily.

A new mermaid spectacular is produced each year, which features talented girls performing under water in a forty-five minute show.

Recently, the first underwater premiere of a major motion picture, "The Incredible Mr. Limpet", was successfully staged in the aquatic theatre and was attended by more than 200 representatives of the world press.

The natural beauty of the 600-acre center is particularly evident to visitors who take paddle wheel river boat cruises down the Weeki Wachee river and covered wagon train rides to a Seminole Indian Village deep in a game preserve.

In the world-famous Disneyland Park in Anaheim, California, certain food concessions are operated by one of our subsidiaries.



In addition to their great popularity as tourist attractions, SILVER SPRINGS and WEEKI WACHEE are uniquely suited as underwater locations for motion pictures and television programs

Records

ABC-Paramount Records, one of the major recording companies in the country, experienced another successful year although not equal to the 1962 level.

Beginning the year in first position on music industry popularity charts with the album, "Songs I Sing on the Jackie Gleason Show" by Frank Fontaine, ABC-Paramount albums were represented on the best-selling charts throughout the remainder of 1963.

A number of single records became nation-wide hits and artists such as Ray Charles, The Impressions, Fats Domino and Tommy Roe were consistently listed among the top-sellers. Three records ranked among the top five during the year—"Busted" by Ray Charles, "It's All Right" by The Impressions and "Everybody" by Tommy Roe.

Impulse!, ABC-Paramount's modern jazz label, was extremely successful with albums by John Coltrane, Coleman Hawkins and others. The first release by Charlie Mingus for this label, "The Black Saint and the Sinner Lady", was one of the most critically acclaimed jazz albums of 1963, reviewed by Life Magazine as "... one of the most exciting jazz records ever made."

Command Records continued to maintain its outstanding reputation as a leader in recorded sound, particularly in the stereo field. New releases which attained top industry

listings were "The Popular Music of Leonard Bernstein" starring Alfred Drake and Roberta Peters (selected by the New York Herald Tribune, HiFi/Stereo Review, Show Magazine and others, as one of the best recordings of 1963), "Electrodynamics" starring Dick Hyman at the organ, "The Robert DeCormier Folk Singers", and "1963: The Year's Most Popular Themes" starring Enoch Light and his Orchestra. High Fidelity Magazine placed all of the 1963 Command classical releases among the top one-hundred classical recordings of the year and also rated four Command popular releases as among America's "Top 50" albums.

Westminster Records, ABC-Paramount's classical label, signed a number of new artists during 1963. Adding substantially to Westminster's sales was the "Collector's Series", the re-issue of one hundred previously discontinued recordings in completely new packaging.

ABC-Paramount Records will have the exclusive original cast album rights to three musical plays in which our Company is investing. The first two are scheduled to open on Broadway in March and May; the first is "High Spirits", starring Beatrice Lillie and Tammy Grimes and directed by Noel Coward and the latter is "Fade Out-Fade In", starring Carol Burnett and directed by George Abbott.



Publishing

Three farm publications, which furnish saturation coverage of the very heart of America's cornbelt, make up our Company's publishing enterprise. All three are deeply rooted midwest institutions and are more than a hundred years old.

The publications are *Prairie Farmer* of Chicago, *Wallaces Farmer* of Des Moines and *Wisconsin Agriculturist* of Racine, with a combined circulation of approximately 800,000. Advertising and printing revenue for 1963 was excellent and the publications maintained their place among the top half-dozen farm papers in this country.

Among the many services offered by these publications is sponsorship of the annual Farm Progress Show, which is the acknowledged world's fair of agriculture. Attendance for this three day event is estimated at more than 300,000. The exposition has become the most favored show window of farm machinery and production equipment. The 1963 show was held near Peoria, Illinois.

Modern farming equipment and business methods have made the American farmer the envy of the world, able to feed 28 persons besides himself. The *Prairie Farmer* publications have spearheaded this great surge forward in efficiency and modernization in the areas which they serve.

Electronics

MICROWAVE ASSOCIATES, INC. (12% stock interest) is a manufacturer of specialized components for the defense and communications industries. Its research and development program has enabled it to market a broad product line of highly reliable, long-life miniaturized components.

TECHNICAL OPERATIONS, INC. (19% stock interest) is primarily a diversified research and development company, active in many of the forefront areas of advanced technology. In addition, its specialized product activities include radioisotope equipment, high speed instrumentation cameras and color film processing.

VISUAL ELECTRONICS CORP. (preferred stock with rights to convert to a maximum of 20% of common stock) is a sales and engineering company in the broadcast equipment field. Its technical services and products are sold to radio and television stations both in this country and abroad.

American Broadcasting-Paramount Theatres, Inc.

	December 28, 1963	December 29, 1962
ASSETS		
CURRENT ASSETS:		
Cash	\$ 28,061,000	\$ 26,603,000
United States Government securities, at cost (approximate market), and certificates of deposit	14,909,000	16,806,000
Accounts and notes receivable, less reserves:		
Trade	38,389,000	37,394,000
Other	3,438,000	2,760,000
Broadcasting program rights, film costs and production advances, at cost, less amortization	23,858,000	17,741,000
Inventory of merchandise and supplies, at cost or less	2,379,000	2,435,000
Prepaid expenses	1,287,000	1,802,000
Total current assets	<u>112,321,000</u>	<u>105,541,000</u>
 INVESTMENTS AND OTHER ASSETS, at cost, less reserves:		
Affiliated companies	10,186,000	7,816,000
Notes and accounts receivable due after one year	578,000	1,169,000
Miscellaneous investments (See Note B)	2,943,000	2,581,000
Deposits to secure contracts	702,000	970,000
Deferred charges	1,777,000	1,902,000
	<u>16,186,000</u>	<u>14,438,000</u>
 PROPERTY AND EQUIPMENT:		
Land, at cost	25,074,000	24,844,000
Buildings, equipment and leaseholds, at cost	90,951,000	90,657,000
Less — Accumulated depreciation and amortization	<u>(46,450,000)</u>	<u>(47,388,000)</u>
	69,575,000	68,113,000
 INTANGIBLES, at cost		
	<u>15,214,000</u>	<u>14,900,000</u>
	 <u>\$213,296,000</u>	 <u>\$202,992,000</u>

Consolidated Financial Position

LIABILITIES AND STOCKHOLDERS' EQUITY

December 28, 1963 December 29, 1962

CURRENT LIABILITIES:

Accounts payable and accrued expenses.....	\$ 42,198,000	\$ 35,552,000
Federal taxes on income.....	8,125,000	8,164,000
Less — U. S. Government securities.....	(8,125,000)	(8,164,000)
Notes and mortgages payable within one year.....	981,000	863,000
Total current liabilities	<u>43,179,000</u>	<u>36,415,000</u>

LONG-TERM DEBT:

Notes issued under Loan Agreement (See Note C).....	45,000,000	47,500,000
Other notes and mortgages.....	4,304,000	5,270,000

OTHER LIABILITIES:

Deferred income	4,524,000	3,225,000
Deferred incentive plan compensation (See Note D).....	268,000	251,000
Miscellaneous	3,755,000	1,799,000
Total liabilities	<u>101,030,000</u>	<u>94,460,000</u>

STOCKHOLDERS' EQUITY:

Common stock, \$1 par value		
Authorized — 10,000,000 shares		
Outstanding — 4,557,444 shares (See Note E).....	4,557,000	4,456,000
Capital in excess of par value (See Note F).....	60,086,000	56,884,000
Retained earnings (See Note G)	<u>47,623,000</u>	<u>47,192,000</u>
	<u>112,266,000</u>	<u>108,532,000</u>

<u>\$213,296,000</u>	<u>\$202,992,000</u>
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Consolidated Earnings

	1963	1962
INCOME:		
Television and radio time and program sales, less discounts, rebates and commissions to advertising agencies.....	\$280,572,000	\$274,523,000
Theatre admissions, rentals and vending profits.....	76,209,000	75,956,000
Merchandise and record sales, publishing and other income.....	29,948,000	29,262,000
	<u>386,729,000</u>	<u>379,741,000</u>
EXPENSES:		
Operating expenses, cost of merchandise sold and selling and administrative expenses	353,933,000	340,595,000
Depreciation and amortization of buildings, equipment and leaseholds	6,470,000	6,144,000
Interest expense	2,279,000	2,164,000
State, local and payroll taxes.....	7,606,000	7,892,000
Federal income tax	9,056,000	12,189,000
	<u>379,344,000</u>	<u>368,984,000</u>
EARNINGS FROM OPERATIONS	7,385,000	10,757,000
CAPITAL GAINS, net, after applicable Federal income tax	542,000	282,000
EARNINGS FOR THE YEAR	7,927,000	11,039,000
RETAINED EARNINGS AT BEGINNING OF YEAR	47,192,000	43,348,000
	<u>55,119,000</u>	<u>54,387,000</u>
LESS DIVIDENDS:		
Cash — \$1.00 per share	4,463,000	4,368,000
Stock — 2%	3,033,000	2,827,000
	<u>7,496,000</u>	<u>7,195,000</u>
RETAINED EARNINGS AT END OF YEAR.....	<u>\$ 47,623,000</u>	<u>\$ 47,192,000</u>

Notes to Consolidated Financial Statements

NOTE A — CONSOLIDATION POLICY:

The consolidated financial statements include the accounts of the Company and all domestic subsidiaries owned 75% or more.

NOTE B — MISCELLANEOUS INVESTMENTS:

Miscellaneous investments include \$1,370,000, the carrying value of unliquidated investments in certain theatres sold since the inception of the Company. The sales prices aggregating \$8,469,000, of which \$7,135,000 remained uncollected at December 28, 1963, are payable in instalments, mainly in variable contingent amounts, to 1981. The difference between the uncollected portion and the carrying value represents a contingent profit which will be reflected in earnings proportionately over future years as additional instalments of the sales prices are collected.

NOTE C — NOTES ISSUED UNDER LOAN AGREEMENT:

Notes bearing interest at 4.2% per annum are payable \$1,250,000 semi-annually from July 1, 1965 to and including July 1, 1972; \$1,625,000 semi-annually from January 1, 1973 to and including July 1, 1977; and \$10,000,000 on January 1, 1978.

NOTE D — DEFERRED INCENTIVE PLAN COMPENSATION:

Under the Plan, approved by the stockholders in 1961, the amount (based on earnings) to be credited to the reserve, the employees who are to participate and the amount of incentive compensation awards are recommended by the Key Employees Incentive Plans Committee and determined by a majority of the members of the Board of Directors who are not eligible to receive awards. For the year 1963, \$275,000 was credited to the incentive compensation reserve increasing the allocable reserve to \$381,500. Awards were made during the year to 106 participants totaling \$374,000, of which \$239,000 has been paid in cash in 1964 and \$135,000 contingently credited to be paid in deferred annual instalments upon termination of employment. The balance at December 28, 1963 represents the deferred incentive awards and the unallocated reserve, less estimated applicable reduction in future Federal income taxes.

NOTE E — STOCK OPTION PLAN:

Under the restricted stock option plan, 320,553 shares of common stock are reserved for issuance to employees. At December 28, 1963, there were outstanding options for 219,253 shares at prices ranging from \$23.041 to \$44.204 per share, adjusted for stock dividends. Options are exercisable during a period of seven years from date of issuance cumulatively to the extent of 25% of the number of shares at the end of each of the second, fourth, fifth and sixth years from date of issuance. During 1963, options were granted for 39,000 shares at prices ranging from \$29.22 to \$33.369 and options for 11,656 shares (including 5,590 shares under the 1950 common stock option plan which terminated in 1963) were exercised partly at \$23.502 and partly at \$23.727 per share. Options for an additional 101,300 shares may be granted.

NOTE F — CAPITAL IN EXCESS OF PAR VALUE:

During the year, capital in excess of par value increased by \$3,202,000 as follows:

Excess of market value over par value of common shares issued as stock dividend (transferred from retained earnings).....	\$2,944,000
Excess of proceeds over par value of common shares issued upon exercise of stock options	262,000
Anti-trust costs applicable to years prior to 1950 (see Note I).....	(4,000)
	<u>\$3,202,000</u>

NOTE G — RETAINED EARNINGS:

The loan agreement provides certain restrictions on the Company in declaring or paying dividends (other than in shares of capital stock of the Company) or in making any purchase or redemption of capital stock of the Company. Of the consolidated retained earnings at December 28, 1963, approximately \$25,600,000 was not so restricted.

NOTE H — LONG-TERM LEASES:

The Company and its consolidated subsidiaries were committed as of December 28, 1963 for 233 leases of real property expiring subsequent to December 31, 1966 under which the minimum annual rental was approximately \$4,898,000, as follows:

Leases expiring:	
During the 5 years ending:	
December 31, 1971.....	\$2,201,000
December 31, 1976.....	1,221,000
December 31, 1981.....	549,000
Subsequent to December 31, 1981.....	927,000
	<u>\$4,898,000</u>

NOTE I — CONTINGENT LIABILITIES:

There are contingent liabilities under pending litigation, including anti-trust suits to many of which the predecessor company and other major motion picture companies are defendants. Payments made during the year for costs of anti-trust litigation applicable to the period prior to the inception of the Company were charged to capital in excess of par value.

The Company has an obligation to the sellers of The Prairie Farmer Publishing Company measured by a percentage of profits of that company and its subsidiaries over the next 2¼ years. Any payment will represent additional intangibles not presently subject to amortization.

Opinion of Independent Accountants

To the Board of Directors and Shareholders of
American Broadcasting-Paramount Theatres, Inc.

In our opinion, the accompanying statements present fairly the consolidated financial position of American Broadcasting-Paramount Theatres, Inc. and its subsidiaries at December 28, 1963 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

New York, N. Y.
March 9, 1964

PRICE WATERHOUSE & CO.

Five Year Financial Summary

(Dollars in Thousands)

	1963	1962	1961	1960	1959
EARNINGS AND DIVIDENDS					
Income					
Broadcasting	\$ 280,572	\$ 274,523	\$ 254,280	\$ 222,439	\$ 172,469
Theatres	76,209	75,956	83,328	86,281	91,139
Merchandise sales and other income	29,948	29,262	25,477	25,717	24,349
Total	\$ 386,729	\$ 379,741	\$ 363,085	\$ 334,437	\$ 287,957
Earnings from operations	\$ 7,385	\$ 10,757	\$ 9,906	\$ 10,475	\$ 7,967
Capital gains, net	\$ 542	\$ 282	\$ 5,124	\$ 1,342	\$ 187
Per Share Common*					
Earnings from operations.....	\$1.65	\$2.41	\$2.22	\$2.36	\$1.76
Capital gains, net	\$.13	\$.06	\$1.15	\$.30	\$.05
Dividends					
Cash — Total**.....	\$ 4,463	\$ 4,368	\$ 4,245	\$ 4,149	\$ 4,149
Per share outstanding	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Per share adjusted*	\$1.00	\$.98	\$.96	\$.94	\$.94
Stock	2%	2%	2%	2%	
POSITION AT YEAR END					
Working capital	\$ 69,142	\$ 69,126	\$ 65,941	\$ 64,833	\$ 52,034
Property and equipment, net.....	\$ 69,575	\$ 68,113	\$ 64,272	\$ 66,185	\$ 67,665
Total assets ..	\$ 213,296	\$ 202,992	\$ 190,136	\$ 182,244	\$ 175,271
Long-term debt	\$ 49,304	\$ 52,770	\$ 51,670	\$ 53,423	\$ 56,805
Common stock equity	\$ 112,266	\$ 108,532	\$ 101,706	\$ 90,140	\$ 82,624
Number of common shares outstanding	4,557,444	4,456,427	4,361,376	4,232,731	4,149,362

*Based on the average number of shares outstanding in each year, adjusted for stock dividends paid in 1962 and prior years.

**Excludes dividends paid in 1959, 1960 and 1961 on preferred stock, which was fully retired in 1961.

American Broadcasting-Paramount Theatres, Inc. Annual Report 1963



Annual Report 1964

American Broadcasting-Paramount Theatres, Inc.



BOARDS

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BOARD OF DIRECTORS

ALGER B. CHAPMAN

Chairman of the Board and Chief Executive Officer of Beech-Nut Life Savers, Inc.

JOHN A. COLEMAN

Senior Partner, Adler, Coleman & Co.

EVERETT H. ERLICK

Vice President and General Counsel of the Corporation

E. CHESTER GERSTEN

Retired — a director and member of the Executive Committee of the Corporation since its inception

LEONARD H. GOLDENSON

President of the Corporation

JACK HAUSMAN

President of Belding Hausman Fabrics, Inc.

ROBERT H. HINCKLEY

Chairman of the Board of Hinckleys, Inc.

ROBERT L. HUFFINES, JR.

Chairman of the Board of Defiance Industries, Inc.

GEORGE P. JENKINS

Financial Vice President of Metropolitan Life Insurance Company

WALTER P. MARSHALL

Chairman of the Board and Chief Executive Officer of Western Union Telegraph Company

JOSEPH A. MARTINO

Chairman of the Board and Chief Executive Officer of National Lead Company

JAMES G. RIDDELL

Vice President of the American Broadcasting Company Division

SIMON B. SIEGEL

Executive Vice President of the Corporation

DAVID B. WALLERSTEIN

*President of Balaban & Katz Corporation**

**A subsidiary of the corporation*

EXECUTIVE COMMITTEE

JOHN A. COLEMAN, *Chairman*

E. CHESTER GERSTEN

LEONARD H. GOLDENSON

ROBERT H. HINCKLEY

ROBERT L. HUFFINES, JR.

WALTER P. MARSHALL

SIMON B. SIEGEL

OFFICERS

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SIMON B. SIEGEL, *Executive Vice President*

EVERETT H. ERLICK, *Vice President and General Counsel*

JEROME B. GOLDEN, *Vice President and Secretary*

SAMUEL H. CLARK, *Vice President*

JAMES C. HAGERTY, *Vice President*

HERBERT R. HAHN, *Vice President*

MARTIN BROWN, *Treasurer*

JOHN H. REGAZZI, *Comptroller*

JOSEPH W. FITZPATRICK, *Assistant Treasurer*

FRANKLIN FEINSTEIN, *Assistant Secretary*

EDITH SCHAFFER, *Assistant Secretary*

MORTIMER WEINBACH, *Assistant Secretary*